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C O N F I D E N T I A L LISBON 000385

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E.O. 12958: DECL: 07/13/2019
TAGS: PREL MARR PO KN
SUBJECT: DEPUTY SECRETARY STEINBERG'S 12 JULY 2009 MEETING
WITH SOUTH KOREAN FOREIGN MINISTER YU

Classified By: EMBASSY LISBON POL/ECON COUNSELOR RICHARD REITER, FOR 1.
4(B) AND (D).

¶1. (C/NF) SUMMARY. Deputy Secretary James Steinberg met on 12 July with Yu Myung-hwan, Minister of Foreign Affairs and Trade for the Republic of Korea (South Korea). The meeting lasted 30 minutes; it took place on the margins of the Community of Democracies Ministerial conference in Lisbon. Minister Yu and Deputy Secretary Steinberg discussed China's role in the Six Party process as well as the importance of developing an agreed position among the five partners that focuses on clear and irreversible steps that North Korea must take. They reviewed options for upcoming meetings, particularly the October ASEAN meeting in Phuket, Thailand. Minister Yu expressed concerns over the Kaesong dispute and Deputy Secretary Steinberg assessed the Burma ship case as a victory. END SUMMARY.

¶2. (C/NF) Participants:
U.S.:
Deputy Secretary Steinberg
Embassy Lisbon Charge d'Affaires David Ballard
Special Assistant Amy Scanlon
Embassy Lisbon Pol/Econ Counselor Richard Reiter (notetaker)

Republic of Korea:
Foreign Minister Yu Myung-hwan
Deputy Foreign Minister Oh Joon
Ambassador to Portugal Kang Dae-hyun
Deputy Director General, Foreign Ministry, Kwon Yong-woo
Embassy Officer (ROK Embassy in Washington) Park Jang-Ho
(notetaker)

CHINA'S ROLE

¶3. (C/NF) Foreign Minister Yu opened the meeting noting that UNSCR 1874 "is biting" North Korea and that South Korean President Lee met with Medvedev at last week's G-8 meeting in Italy. Yu said that the Chinese government has told Seoul of its willingness to cooperate in pressuring North Korea, but will only do so under United Nations auspices, i.e. China will not act bilaterally. By contrast, Yu said, Japan is willing "to do whatever is necessary", including bilateral sanctions. Deputy Secretary Steinberg concurred that China's role is key, adding that in his conversations with them, Chinese officials have signaled that they agree with the broader approach but are reluctant to pressure North Korea. Steinberg urged that the other four partners "must be clear with China" that not only is a concerted approach required by the UNSCR but it is the only way forward.

THE EXIT STRATEGY

¶4. (C/NF) Yu said that now is the time to consider what comes

next, to develop an "exit strategy". South Korea would like to reach agreement among South Korea, U.S., and Japan on the contents of a "package" that can be presented to Russia and China. He was firm that such a package must have clear deadlines. Deputy Secretary Steinberg agreed that there should be no more step-by-step approach. He said that the five partners need to agree on what North Korea must do, and that these criteria must be irreversible. It is these criteria, rather than incentives for North Korea, that the five should address first. Steinberg commented that with North Korea facing succession issues, it may not be able to engage fully in the six-party process. Yu agreed but concluded that the five parties must continue to apply pressure.

UPCOMING MEETINGS - PHUKET STRATEGY

¶15. (C/NF) Minister Yu noted that Secretary Clinton had sought a 5-way meeting for the ASEAN EAS meeting in Phuket in October 2009, but China had balked, so the next opportunity will be the November APEC Summit in Singapore. He suggested preparing the "exit strategy package" for discussion and 5-way agreement at Singapore, noting that the challenge will be persuading China to participate. Deputy Secretary Steinberg said that Yu will see Secretary Clinton in Pittsburgh in September and then at Phuket in October, when she may be accompanied by S/R Bosworth. (In fact, Sung Kim will join the Secretary.) Recognizing that this process will be difficult for China, Steinberg said the U.S. would like to do at least an informal 5-way meeting at Phuket. He added that the U.S. --having already received support from several members-- would like to see a statement of support from ASEAN, to which Yu agreed.

¶16. (C/NF) Minister Yu observed that Japan had proposed a trilateral (U.S./South Korea/Japan) meeting for Phuket, but Deputy Secretary Steinberg expressed reservations, noting that the U.S. does not want an already-reluctant China to feel isolated by being excluded from such a meeting. The optic of an excluded China and Russia, he said, would benefit North Korea. Yu agreed and commented that such a meeting would project the image that 5-way unity had failed. Yu noted that China had proposed a meeting among China, Japan, and South Korea at an upcoming event in Tanjing. He said that South Korea has accepted the invitation but that Japan, facing elections, may not participate.

¶17. (C/NF) Yu proposed further "Director General level" talks between South Korea and the U.S. to discuss contingencies on the Korean peninsula, and Steinberg suggested inviting China. Yu said that he is considering using "Track Two" for these discussions, to which Steinberg suggested "Track One-and-a-Half", because the participants would not just be academics.

RECENT DISPUTES

¶18. (C/NF) Minister Yu noted that the dispute over the Kaesong industrial park has the potential to become a point of conflict but expressed hope that it will be resolved by late September. He recalled that North Korea has detained a South Korean working at Kaesong for three months now, in a case similar to the detention of the two U.S. journalists. Yu believes that North Korea will seek to bargain with the hostages, hoping to get sanctions eased or simply seeking cash payments. Deputy Secretary Steinberg stated that the USG will not pay ransom for the individuals but would not speculate about whether the families might pay their North Korean "hotel bills". Steinberg said that the recent case of the Burma-bound ship "was a test, and we won", assessing that Burma had gotten the message and will be wary of doing business with North Korea.

¶19. (C/NF) Minister Yu requested a POTUS stop in South Korea during his Asia trip in November.

Deputy Secretary Steinberg has cleared this cable.

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